

Indirect Cost Rates 101

CNCS Uniform Guidance § 200.414 Indirect Costs



AmeriCorps State and National 2015 Symposium



Corporation for
**NATIONAL &
COMMUNITY
SERVICE** 

AmeriCorps

Overview

Most nonprofit organizations have 4 options to recover costs expended in the process of managing federal awards.

- 1) Federal award recipients may apply for a **federally negotiated indirect cost rate** from their cognizant agency.
- 2) Subrecipients may use a **state negotiated indirect cost rate** or a **rate negotiated between the pass-through entity and the subrecipient** (in compliance with 2 C.F.R. Part 200), on CNCS awards.
- 3) Eligible non-federal entities may elect to use a flat **de minimis rate of 10% of modified total direct costs (MTDC)**.

Overview Continued

4) Non-federal entities may charge costs directly (**Direct Charge**) as long as those costs are charged the same consistently across all federal awards. The salaries of administrative and clerical staff should normally be treated as indirect (F&A) costs. Direct charging of these costs may be appropriate only if conditions as outlined in 2 C.F.R. §200.413 are met:

AmeriCorps State and National recipients have a 5th option:

5) In programs where statutes or regulations are in place, organizations may charge administrative costs as specified. As such, AmeriCorps grantees' 5% of federal funds may be used for administrative costs, and 10% matching may be used for administrative costs. This does not apply to AmeriCorps VISTA.

Indirect Costs – Indirect Cost Rate Negotiation Options

Negotiating an Indirect Cost Rate

1) Federal Negotiated - Indirect cost rates may be negotiated with either the federal cognizant agency or a state agency. The federal cognizant agency is typically the federal agency with the largest direct dollar value of federal awards; however Institutions of Higher Education use HHS or DOD and Tribal Governments use DOI.

- If CNCS is cognizant, send an email to Indirectcostrate@cns.gov, and instructions will be sent to you on the steps necessary to negotiate an indirect cost rate.
- If another federal agency is cognizant, contact the assigned grants officer for that award and request information on how to apply for a negotiated rate.

Indirect Costs – Indirect Cost Rate Negotiation Options Continued

2) State Negotiated - If your organization is not receiving any direct federal funding, contact your state level grantor and request information on how to apply for a negotiated rate.

3) Prime Negotiated - If your organization is not receiving direct funding from either a federal or state agency, your prime grantor may negotiate a rate with you. (2 C.F.R. §200.331(a)(4))

Indirect Costs – De minimis rate of 10% of modified total direct costs (MTDC)

De minimis rate of 10% of modified total direct costs (MTDC)

Overview

The de minimis rate of 10% of modified total direct costs (MTDC):

- is accepted by the federal agency without any review of actual costs
- is allowable for use indefinitely
- must be used **consistently across all federal awards** (unless there is a statutory exception under certain federal programs)

Indirect Costs – De minimis rate of 10% of modified total direct costs (MTDC) Eligibility

The following are eligible to use the de minimis rate of 10% of modified total direct costs (MTDC)

- Non-federal entities which have **never** held a negotiated rate are eligible to elect the de minimis rate of 10% of modified total direct costs (MTDC).

Indirect Costs – De minimis rate of 10% of modified total direct costs (MTDC) Eligibility

The following are ineligible to use the de minimis rate of 10% of modified total direct costs (MTDC):

- State or Local Governments and Indian Tribes receiving over \$35M in direct federal funding are not eligible to elect the 10% de minimis rate of MTDC. (2 CFR §200 Appendix VII D(1)b1)
- Non-federal entities who have now, or have had in the past, a negotiated indirect cost rate or approved cost allocation plan. NOTE: Cost Allocation Plans are specific to state, local, and tribal governments and not nonprofits.

Modified Total Direct Cost

§200.68 Modified Total Direct Cost (MTDC).

- MTDC means all direct salaries and wages, applicable fringe benefits, materials and supplies, services, travel, and up to the first \$25,000 of each subaward (regardless of the period of performance of the subawards under the award). MTDC excludes equipment, capital expenditures, charges for patient care, rental costs, tuition remission, scholarships and fellowships, participant support costs, and the portion of each subaward in excess of \$25,000.
- Other items may only be excluded when necessary to avoid a serious inequity in the distribution of indirect costs, and with the approval of the cognizant agency for indirect costs. (2 C.F.R. §200.68)
- Note that member stipends and expenses are excluded from the De Minimis Rate of 10% of MTDC.

Indirect Costs – De Minimis Rate of 10% of Modified Total Direct Costs (MTDC)

Included in MTDC Calculation	Excluded from MTDC Calculation
Salaries and wages	Equipment
Fringe benefits	Capital expenditures
Materials and supplies	Charges for patient care
Services	Tuition remission
Travel	Rental costs
Sub-award (first \$25,000 of each sub-award)	Scholarships, and fellowships
	Participant Support Costs (2 C.F.R definition is different than what has been used by Senior Corps)
	The portion of each sub-award in excess of \$25,000

Calculate 10% of the costs included under the allowed (included) budget costs as outlined in above. This is your de minimis rate of 10% of Modified Total Direct Costs.

Ensure that when budgets are submitted that costs are charged consistently across ALL federal awards, including pass through awards.

Indirect Costs – De Minimis Rate of 10% of MTDC

What do I need to submit if we elect to use the de minimis rate of 10% of modified total direct costs (MTDC)?

- If you meet the eligibility criteria and elect to use the de minimis rate of 10% of modified total direct costs (MTDC), include this amount in your grant application AND enter the information in eGrants under the Organization section. Grantees must maintain documentation of costs included in their de minimis rate of 10% of modified total direct costs (MTDC) which will be subject to review during monitoring and audits.
- Enter de minimis rate of 10% of modified total direct costs (MTDC) in eGrants, and send a courtesy notice to your CNCS Grants Officer and Program Officer.

Indirect Costs – Direct Admin Charges

Direct Charge of Administrative Costs

Admin and clerical salaries should normally be treated as indirect (F&A) costs. Direct charging of these costs may be appropriate only if all of the following conditions are met:

- (1) services are integral to a project or activity;
- (2) individuals involved can be specifically identified with the project or activity;
- (3) costs are explicitly included in budget or have the prior written approval of awarding agency; and
- (4) **the costs are not also recovered as indirect costs.**

Questions?



Please contact indirectcostrate@cns.gov.